

EXTENSIONS OF REMARKS

A SALUTE TO THE CHESTER YWCA

HON. THOMAS M. FOGLIETTA

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 26, 1995

Mr. FOGLIETTA. Mr. Speaker, I rise today to salute the 80th anniversary of the Chester YWCA.

In 1914, the YWCA was established at 7th and Sproul, in Chester. Since that time, the YWCA has developed into one of the most significant contributors to the social and cultural vitality of the Chester community. Not only is it a meeting place for friends and relatives, it is also a home and source of comfort for many of the members of the Chester community.

In October 1995, the Chester YWCA proudly celebrated its 80th anniversary at the Ramada Inn in Tinicum. The ongoing success of the YWCA can be attributed to the young people who care for this organization such as its executive director, Vanessa Williams. I have worked with Vanessa on many projects, including the Y's pool and computer literacy programs. Vanessa Williams was honored at the celebration for being the first African-American executive director along with eight other individuals who were presented with "Cement of our Foundation Awards," for their contributions and dedication. In addition, Janet Frisch, board president from 1993 to 1995, Myra King Billups, the first African-American board president, and Joan Taylor, executive director from 1976 to 1992 were honored. To thank contributors, Ms. Billups, the current board of trustees president, recited a poem entitled "Work-ing Gifts".

I hope my colleagues will join me today in wishing the Chester YWCA and its executive director, Vanessa Williams, a very happy 80th anniversary. I wish the Chester YWCA the very best in its continuing years of service to the Chester community.

H.R. 2517—BUDGET RECONCILIATION ACT

HON. KEN CALVERT

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 26, 1995

Mr. CALVERT. Mr. Speaker, I rise in strong support of the reconciliation bill Chairman KASICH has brought to the floor today. I wish to take my limited time to speak in rebuttal to my Democratic colleagues' criticism of the Resources Committee's title which occurred around dinner time last night. Listening to it made my stomach churn. It is the big lie, Mr. Chairman, which the five minority Members of the Resources Committee who spoke all reiterated about title IX. I have to hand it to them though, they have been saying it so often they must be starting to believe it themselves.

But, the American public is not fooled. The giveaway mantra echoing down the well last

night rings hollow from these Members. For example, they complain bitterly about our proposed reform of the law governing mining rights on public lands, but where have they been for the last 40 years? My friend from Hawaii, Mr. ABERCROMBIE likened us to bank robbers, but failed to mention that the Democratic alternative we get to vote upon has no mining provisions as far as I can see. And if they think the alternative provision offered in our committee was so worthy, where is it now?

Mr. Chairman, it is missing because it was the same ludicrous job-killing, investment-robbing bill they have pushed for three or more Congresses. It had an 8 percent gross royalty provision that even the Clinton administration's own Interior Department said in 1993 would quickly cost us 1,100 American jobs and lose the U.S. Treasury \$11 million in just 3 years. And, other more reputable studies show a far greater negative impact than this.

But, we have opted to levy a net proceeds of mines royalty in our bill. It has a proven formula for generating revenue for the Treasury while at the same time preserves domestic mining jobs. The terms are modeled directly upon the State of Nevada's well-studied net proceeds of mines tax. Mr. ABERCROMBIE maintains that we have expanded the allowable deductions from gross proceeds beyond those of the Nevada tax, but this is simply not the case. We have clarified what is actual practice, which practice resulted in the collection of \$48.2 million in 1994.

Mr. Chairman, gross royalties distort the marketplace, encourage high-grading, and cause layoffs and closing of higher cost mines. Net royalties do not. Perhaps this is why gross royalties are fast becoming very rare in the world. The Federal Governments of Canada, Mexico, Chile, Peru, Bolivia, Spain, Sweden, and Zimbabwe do not levy gross royalties on metal mining at all! Instead, they tax mining profits, just as our Government does as well.

Now, Mr. ABERCROMBIE notes that mining royalties paid to private mineral owners in Nevada average 3 percent of gross revenues, but he failed to note that such landowners are unable to levy income taxes—only governments can do that—so the only way an economic rent can be had in such cases is to seek as large a royalty as can possibly be sustained. But for the Federal Government to do the same would be to cut off its nose (corporate and individual income tax revenues) to spite its face (royalty receipts shared with States). Obviously, it is quite possible for Congress to levy a mining royalty which loses money when tax consequences for considered—which budget enforcement rules do not allow to be factored into a CBO score. And that is exactly what would happen if the 8 percent net smelter return royalty touted by the Democrats were enacted.

If my Democratic friends would acknowledge simple economic principles now and then they would not be ranting and raving about Jesse James. Even Fidel Castro is lately talking more sense than our friends across

the aisle. But then, he is looking for investment to flow into Cuba not away. Why does not the minority come out and say what we all know—they simply do not want hardrock mining on public lands in the United States. Adios, mineros. Vamos a Mexico!

But, Mr. Chairman, that was not enough. They knocked our efforts to simplify and make fairer the byzantine Federal oil and gas royalty collection system, too. There we go, robbing the Treasury again to give breaks to oil companies. If this were the case, why is it that the CBO says the royalty fairness part makes \$57 million for the Feds and \$33 million more for the States? It is the very same CBO whose numbers my friends across the aisle will quote until the cows come home when it fits their purpose.

Mr. ABERCROMBIE says we drastically modify the existing statute of limitations on the collection of royalties due taxpayers. But, in truth, our bill does not modify an existing statute of limitations, because there is not one! The Democrats would rather promote the status quo, which is to allow bureaucrats an indefinite period of time to collect royalties. As a result of this inertia, over \$450 million worth of royalty collections is outstanding—tied up in red tape and litigation. Our bill requires the Secretary collect all royalties within 6 years accelerating revenues and eliminating expensive bureaucratic delays.

Another falsehood about the royalty fairness provisions is the allegation that lessees of marginal wells could operate without paying any royalty. Absolutely nowhere does this proposal allow this consequence. And the prepayment of future royalty obligations for marginal leases which we encourage in this part requires the agreement of the Secretary of the Interior as well as the Governor of the affected State as to the present value of the future royalty stream. It is bullet proof for the Treasury, and the Democrats should know that.

Furthermore, our friends across the aisle charge that our provisions for equitable treatment of royalty payments on oil and gas leases would cost \$60 million over 7 years. But that is not what CBO said. In fact, the policy to treat royalty overpayments in the same manner the IRS treats overpayments—reciprocity of interest obligations—greatly simplifies accounting requirements and directly contributes to the collection of an additional \$117 million of royalties offset by the anticipated \$60 million cost. That is a net of \$57 million to the taxpayer which the Democrats suggest we should walk away from. We believe this sum is worth saving however, and so does the Clinton administration.

The truth is, our royalty simplification bill makes money because it makes everybody—lessee and lessor alike—work to get it right the first time. And, we empower the States to do the job on leases within their boundaries. After all, half the onshore royalty stream goes back to the States, why would they not be just as diligent as the Feds to ensure that the bills are fully paid on time, and for lower collection costs? Of course, the States will be vigilant in

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